



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

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February 2, 1987

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MEMORANDUM FOR HEADS OF DEPARTMENTS AND AGENCIES

FROM:

James A. Miller III
Director

James A. Baker, III
Secretary of the Treasury

SUBJECT:

Joint OMB - Treasury Initiative For Financial
Management Systems

This memorandum is to announce that the Financial Management Service (FMS) of Treasury is now designated as lead agency with operational responsibility for financial management systems reform. This follows on their successes with lead agency assignments for cash and credit management, and is a vital part of the cooperative program established by the central financial agencies in the August 14, 1986 joint memorandum.


Under the attached Memorandum of Understanding, OMB will continue to establish program policy and direction, provide overall guidance, resolve interagency issues, and set broad priorities. FMS will work closely with agencies to provide technical assistance and other support in achieving compliance with Governmentwide standards and requirements. FMS will monitor agency progress and report periodically to OMB. FMS and OMB will work together to set specific priorities and goals for departments and agencies. FMS will also offer cross-servicing for administrative accounting and payments in 1988.

This follows a number of significant accomplishments over the past several years under Reform '88. The legislative framework was established by the Federal Managers' Financial Integrity Act. The General Accounting Office followed up with governmentwide standards for accounting and internal control, which are being implemented in the manner required by regulations issued by the Office of Management and Budget.

Program agencies have responded by developing inventories of financial systems, by evaluating these systems for conformance with standards and requirements, by taking immediate action to remedy areas of nonconformance, and by committing themselves to 5-year plans for systems reform.

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DEPARTMENT OF THE TREASURY
WASHINGTON



FEB 2 1987

**MEMORANDUM OF UNDERSTANDING BETWEEN
THE DEPUTY DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET
AND
THE UNDER SECRETARY OF THE TREASURY**

Purpose

The purposes of the memorandum are:

1. To confirm the commitment of the Office of Management and Budget and the Department of the Treasury to work cooperatively to improve Federal financial management systems and clarify the roles and responsibilities of the two organizations.
2. To designate the Financial Management Service of the Treasury as Lead Agency with operational responsibility for improving Federal financial management systems.
3. To designate the Financial Management Service as Lead Agency with operational responsibility for providing accounting services to agencies on a reimbursable basis under the President's Reform '88 Management Improvement Program.

Program Objectives

The objectives of the financial management systems program are to:

- o Achieve full compliance with OMB Circular A-127, "Financial Management Systems;"
- o Consolidate and streamline systems at all levels;
- o Increase the comparability, accuracy, timeliness, and reliability of financial information; and
- o Provide the utmost in service to managers and other report users.

Roles and Responsibilities

The Office of Management and Budget will establish program policy and direction, provide overall guidance, resolve interagency issues, and set broad priorities. Office of Management and Budget will oversee the program through management and budget reviews with the agencies and through information and analysis provided by